Lider Faktoring Anonim Şirketi (former name "Lider Faktoring Hizmetleri Anonim Şirketi")

Financial Statements
As at and For the Six-Month Period Ended
30 June 2013
With Independent Auditors' Report

Akis Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik
Anonim Şirketi

6 August 2013

This report includes 2 pages of independent auditors' report and 32 pages of financial statements together with their explanatory notes.

Lider Faktoring Anonim Şirketi

(former name “Lider Faktoring Hizmetleri Anonim Şirketi”)

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Independent auditors' report

To the Board of Directors of
Lider Faktoring Anonim Şirketi,

We have audited the accompanying financial statements of Lider Faktoring Anonim Şirketi (former name "Lider Faktoring Hizmetleri Anonim Şirketi") ("the Company"), which comprise the statement of financial position as at 30 June 2013, the statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 30 June 2013, and of its financial performance and its cash flows for the six-month period then ended in accordance with International Financial Reporting Standards.

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.,
a Turkish corporation and a member firm of the KPMG network of independent
member firms affiliated with KPMG International Cooperative, a Swiss entity.

Other matter

The financial statements of the Company as at and for the year ended 31 December 2012 and as at and for the six-month period ended 30 June 2012 were audited by another auditor who expressed unmodified opinions on those statements on 15 February 2013 and 17 August 2012, respectively.

KPMG Akis Bağımsız Denetim ve SMMM A.Ş.

6 August 2013
İstanbul, Turkey

LİDER FAKTORİNG ANONİM ŞİRKETİ

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013
(Currency: Turkish Lira ("TL") unless otherwise stated)

	Notes	**30 June 2013**	**31 December 2012**
Assets			
Cash and cash equivalents	*9*	634,318	953,818
Factoring receivables	*10*	626,079,143	621,502,320
Property and equipment	*11*	16,226,587	16,415,316
Intangible assets	*12*	136,159	177,279
Other assets and prepaid expenses	*13*	3,497,560	3,495,989
Deferred tax assets	*8*	2,195,535	2,313,814
Total assets		**648,769,302**	**644,858,536**
Liabilities			
Factoring payables	*10*	713,835	1,002,509
Loans and borrowings	*14*	423,595,399	405,458,533
Debt securities	*15*	130,390,933	149,069,326
Current tax liabilities	*8*	363,497	2,050,683
Other liabilities	*16*	1,290,507	1,596,411
Employee benefits	*17*	1,733,526	1,798,679
Total liabilities		**558,087,697**	**560,976,141**
Equity			
Share capital	*18*	35,873,808	35,873,808
Asset revaluation reserve	*18*	12,350,666	12,350,666
Legal reserves	*18*	4,693,078	4,154,587
Retained earnings		37,764,053	31,503,334
Total equity		**90,681,605**	**83,882,395**
Total liabilities and equity		**648,769,302**	**644,858,536**

The notes on pages 6 to 32 are an integral part of these financial statements.

(Currency: Turkish Lira ("TL")unless otherwise stated)

	Notes	30 June 2013	30 June 2012
Interest income			
Interest income on factoring receivables		40,728,966	43,931,697
Interest income on cash and cash equivalents		--	324,454
Total interest income		**40,728,966**	**44,256,151**
Interest expense			
Interest expense on loans and borrowings		(19,054,689)	(25,837,072)
Interest expense on debt securities		(7,875,997)	(7,405,099)
Total interest expense		**(26,930,686)**	**(33,242,171)**
Net interest income		**13,798,280**	**11,013,980**
Fee and commission income on factoring transactions		8,120,040	12,233,813
Fee and commission expense on banking transactions		(852,002)	(237,005)
Fee and commission income, net		**7,268,038**	**11,996,808**
Foreign exchange gains, net		45,579	186,693
Other operating income	*7*	3,617,230	2,390,529
Operating income		**24,729,127**	**25,588,010**
Impairment loss on factoring receivables	*10*	(2,893,097)	(7,434,076)
Impairment losses on property and equipment		(197,002)	--
Personnel expenses	6	(10,849,477)	(10,769,937)
Administrative expenses	*5*	(2,429,207)	(3,132,401)
Depreciation and amortisation	*11, 12*	(111,858)	(177,469)
Profit before income tax		**8,248,486**	**4,074,127**
Income tax expense	*8*	(1,449,276)	(1,169,252)
Profit for the period		**6,799,210**	**2,904,875**
Other comprehensive income for the period, net of income tax	18	--	1,473,630
Total comprehensive income for the period		**6,799,210**	**4,378,505**

The notes on pages 6 to 32 are an integral part of these financial statements.

LİDER FAKTORİNG ANONİM ŞİRKETİ

STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2013
(Currency: Turkish Lira ("TL") unless otherwise stated)

	Nominal share capital	Inflationary effect on share capital	Asset revaluation reserve	Legal reserves	Retained earnings	Total Equity
Balances at 1 January 2012	**30,000,000**	**5,873,808**	**9,824,200**	**3,558,812**	**19,777,910**	**69,034,730**
Total comprehensive income for the period						
Profit for the period	--	--	--	--	2,904,875	2,904,875
Transfer to legal reserves	--	--	--	595,775	(595,775)	--
Other comprehensive income	--	--	**1,473,630**	**--**	**--**	**1,473,630**
Other comprehensive income for the year	--	--	1,473,630	--	--	1,473,630
Total	**30,000,000**	**5,873,808**	**11,297,830**	**4,154,587**	**22,087,010**	**73,413,235**
Transactions with owners, recorded directly to equity	--	--	--	--	--	--
Balances at 30 June 2012	**30,000,000**	**5,873,808**	**11,297,830**	**4,154,587**	**22,087,010**	**73,413,235**
Balances at 1 January 2012	**30,000,000**	**5,873,808**	**12,350,666**	**4,154,587**	**31,503,334**	**83,882,395**
Total comprehensive income for the period						
Profit for the period	--	--	--	--	6,799,210	6,799,210
Transfer to legal reserves	--	--	--	538,491	(538,491)	--
Other comprehensive income	--	--	--	--	--	--
Total	**30,000,000**	**5,873,808**	**12,350,666**	**4,693,078**	**37,764,053**	**90,681,605**
Transactions with owners, recorded directly to equity	--	--	--	--	--	--
Balances at 30 June 2013	**30,000,000**	**5,873,808**	**12,350,666**	**4,693,078**	**37,764,053**	**90,681,605**

The notes on pages 6 to 32 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2013
(Currency: Turkish Lira ("TL") unless otherwise stated)

	Notes	**30 June 2013**	**30 June 2012**
Cash flows from operating activities:			
Net profit for the period		6,799,210	2,904,875
Components of net profit not generating or using cash			
Depreciation and amortisation	*11, 12*	111,858	177,469
Provision for employee severance payments	*17*	74,690	71,023
Provision for vacation pay liability	*17*	(139,843)	71,833
Provision for impairment loss on property and equipment	*11*	197,002	--
Net interest income		(13,798,280)	(11,013,980)
Income tax expense	*8*	1,449,276	1,169,252
Provision for doubtful receivables	*10*	2,893,097	7,434,076
Changes in operating assets and liabilities			
Change in factoring receivables		(34,375,663)	(52,991,020)
Change in factoring payables		(288,674)	(6,108)
Change in other assets		(1,571)	(135,009)
Change in other liabilities		(305,904)	(662,880)
Interest received		40,704,023	44,281,094
Interest paid		(25,978,499)	(28,394,285)
Income tax paid		(3,018,183)	(1,480,163)
Net cash used in operating activities		**(25,677,461)**	**(38,573,823)**
Investing activities:			
Purchase of property and equipment	*11*	(36,490)	(101,480)
Purchase of intangible assets	*12*	(42,521)	(49,456)
Proceeds from disposal of equipment		--	62,376
Net cash used in investing activities		**(79,011)**	**(88,560)**
Financing activities:			
Proceeds from loans and borrowings		183,503,699	896,454,726
Repayment of loans and borrowings		(146,189,501)	(936,969,341)
Proceeds from debt securities		1,321,607	120,741,904
Repayment of debt securities		(13,198,833)	(53,234,349)
Net cash provided from financing activities		**25,436,972**	**26,992,940**
Net decrease in cash and cash equivalents		**(319,500)**	**(11,669,443)**
Cash and cash equivalents at 1 January		953,818	17,649,244
Cash and cash equivalents at 30 June	*9*	**634,318**	**5,979,801**

The notes on pages 6 to 32 are an integral part of these financial statements.

(Currency: Turkish Lira (“TL”) unless otherwise stated)

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1 Reporting entity

Şetat Faktoring A.Ş. was incorporated on 20 September 1992 in Turkey to provide factoring services to industrial and commercial firms. The name of Şetat Faktoring A.Ş. was changed to Lider Faktoring Hizmetleri A.Ş. (the "Company") and the change was announced on the Trade Registry Gazette dated 12 June 2002 and numbered 5568. On 1 July 2013, with the Extraordinary General Assembly Meeting, legal name of the Company changed from Lider Faktoring Hizmetleri Anonim Şirketi to Lider Faktoring Anonim Şirketi. The change of the legal name is registered with Turkish Trade Registry Gazette on 10 July 2013.

The Company's head office is located at Büyükdere Caddesi 100 Maya Akar Center K: 25 Esentepe – Istanbul. The Company has 176 employees as at 30 June 2013 (31 December 2012: 178).

The Company's principal activity is to provide factoring services substantially in Turkey.

2 Basis of preparation

(a) Statement of compliance

The Company maintains its books of account and prepares its statutory financial statements in Turkish Lira ("TL") in accordance with the Turkish Accounting Standards as promulgated by the Banking Regulation and Supervision Agency ("BRSA") and also the Turkish Commercial Code (collectively, "Turkish GAAP").

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

The financial statements of the Company as at and for the period ended 30 June 2013 were approved by the Company management on 6 August 2013. The General Assembly of the Company and certain regulatory bodies has the power to amend the statutory financial statements after their issue.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis adjusted for the effects of inflation during the hyperinflationary period ended at 31 December 2005, except for buildings which are measured at fair value.

The methods used to measure fair values are discussed further in Note 4.

(c) Functional and presentation currency

These financial statements are presented in TL, which is the Company's functional currency. All financial information presented in TL is rounded to the nearest digit.

(d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

2 Basis of preparation *(continued)*

(d) Use of estimates and judgments *(continued)*

- Note 3 (e,f) - Useful lives of property and equipment and intangible assets
- Note 4- Financial assets and liabilities – Determination of fair values
- Note 10- Impairment of factoring receivables
- Note 17 -Employee benefits
- Note 19- Financial instruments
- Note 20- Commitment and contingencies

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 8 – Taxation

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Accounting in hyperinflationary economies

Turkey was a hyperinflationary economy until 31 December 2005. 2005 was a monitoring year for the inflation in Turkey. Due to the decreasing trend in inflation rate and the sustained positive trends in qualitative factors such as the economic growth for the last three years, financial and economic stabilization, and the decreasing interest rates, Turkey is considered non-hyperinflationary economy under International Accounting standard ("IAS") No 29 starting from 1 January 2006. Therefore, the application of IAS 29 was ceased in 2006.

(b) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to TL at the exchange rates ruling at reporting date with the resulting exchange differences recognised in the profit or loss as foreign exchange gain or loss.

(c) Financial instruments

The Company's financial instruments are all non-derivative instruments.

(i) Non-derivative financial assets

The Company has the following non-derivative financial assets: cash and cash equivalents and factoring receivables.

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Company commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

3 Significant accounting policies *(continued)*

(c) Financial instruments *(continued)*

(i) Non-derivative financial assets (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, time and demand deposits at banks having original maturity less than 3 months and readily to be used by the Company or not blocked for any other purpose.

Time deposits are measured at amortised cost using the effective interest method. Demand deposits are measured at cost.

Accounting for interest income and expense is discussed in note 3(l).

Factoring receivables

Factoring receivables are measured at amortised cost less specific allowances for uncollectability and unearned interest income. Specific allowances are made against the carrying amount of factoring receivables and that are identified as being impaired based on regular reviews of outstanding balances to reduce factoring receivables to their recoverable amounts. When a factoring receivable is known to be uncollectible, all the necessary legal procedures have been completed, and the final loss has been determined, receivable is written off immediately. Factoring payables are measured at amortised cost.

(ii) Non-derivative financial liabilities

The Company has the following non-derivative financial liabilities: loans and borrowings, debt securities, factoring and other payables.

All financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition the financial liabilities are measured at amortized cost using the effective interest method

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Loans and borrowings and debt securities

Loans and borrowings and debt securities are recognised initially at fair value, net of any transaction costs incurred. Subsequent to initial recognition, loans and borrowings and debt securities are measured at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the loans and borrowings and debt securities.

Other

Other financial liabilities are measured at cost due to their short term nature.

(iii) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3 Significant accounting policies *(continued)*

(d) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity.

(e) Property and equipment

(i) Recognition and measurement

Items of property and equipment acquired before 1 January 2006 are measured at cost restated for the effects of inflation in TL units current at 31 December 2005 pursuant to IAS 29, less accumulated depreciation and accumulated impairment losses, if any. Property and equipment acquired after 31 December 2005 are measured at cost, less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Buildings are measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any revaluation surplus is credited to the asset revaluation reserve included in the equity section of the statement of financial position, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the statement of comprehensive income, in which case the increase is recognised in the statement of comprehensive income. A revaluation deficit is recognised in the statement of comprehensive income, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Any gain and loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised net in other income and other expenses in profit or loss.

(ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance is expensed as incurred.

(iii) Depreciation

Items of property and equipment are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component.

The estimated useful lives for the current and comparative periods are 4-5 years for furniture and fixtures and 5 years for motor vehicles.

Leasehold improvements are depreciated over the periods of the respective leases on a straight-line basis.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3 Significant accounting policies *(continued)*

(f) Intangible assets

Intangible assets represent computer software licenses and rights. Intangible assets acquired before 1 January 2006 are measured at cost restated for the effects of inflation in TL units current at 31 December 2005 pursuant to IAS 29, less accumulated amortisation and impairment losses, if any. Intangible assets acquired after 1 January 2006 are measured at cost, less accumulated amortisation and impairment losses, if any. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful lives for the current and comparative periods are between 3 and 5 years.

(g) Leased assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised on the Company's statement of financial position. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(h) Impairment

(i) Non- derivative financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event had an impact on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Financial assets are tested for impairment on an individual basis.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

Factoring receivables

A credit risk provision for impairment in factoring receivables is established if there is objective evidence that the Company will not be able to collect all amounts due as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the receivables. The amount of the provision for impaired factoring receivables is the difference between the carrying amount and recoverable amount, being the present value of expected cash flows, including the amount recoverable from guarantees and collateral, discounted based on the interest rate at inception. For restructured receivables, the Company initially determines as to whether there has been impairment as a result of the restructuring, and if so, a provision for impairment is recorded representing the difference between the recoverable amounts, being the present value of expected cash flows from restructured receivables discounted using the interest rate of the original receivables, and the carrying amount.

3 Significant accounting policies *(continued)*

(h) Impairment *(continued)*

(i) Non- derivative financial assets (continued)

Factoring receivables(continued)

Impairment losses are recognised in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Indefinite-lived intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or cash generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets or CGU.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs) and then to reduce the carrying amount of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Employee benefits

(i) Reserve for employee severance payments

In accordance with the existing social legislation in Turkey, the Company is required to make certain lump-sum severance indemnity to each employee who has completed one year of service with the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. In the accompanying financial statements, the Company has reflected a reserve for employee severance using statistical method and discounted by using the current market yield at the reporting date on government bonds, in accordance with International Accounting Standards (IAS) No.19-Revised "Employee Benefits".

(ii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3 Significant accounting policies *(continued)*

(j) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(k) Related parties

For the purpose of accompanying financial statements, the shareholders, key management personnel and the Board members, and in each case, together with their families and companies controlled by/affiliated with them are considered and referred to as the related parties.

(l) Revenue and cost recognition

(i) Factoring interest and commission income

Factoring revenue consists of factoring interest and commission income collected or accrued on advances given to the customers. Commission income is a certain percentage of the total amount of invoices subject to factoring.

(ii) Factoring commission expense

Factoring commission charges are recognized on the accrual basis using the effective interest rate method.

(iii) Other income and expenses

Other income and expenses are recognized on the accrual basis using the effective interest rate method.

(iv) Interest income other than on factoring transactions

Such interest income includes interest income from time deposits using the effective interest rate method.

(v) Interest expense on bank borrowings and debt securities

Interest expense on borrowings and debt scurrilities are calculated using the effective interest rate method.

(m) Income tax

Tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

i) Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

3 Significant accounting policies *(continued)*

(m) Income tax *(continued)*

i) Deferred tax (continued)

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss,
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Prepaid corporation taxes and corporation tax liabilities are offset as they relate to income taxes levied by the same tax authority. Similarly, deferred tax assets and liabilities are also offset within the statement of financial position.

ii) Tax exposures

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law or prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes that the Company to change its judgement regarding the adequacy or existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(n) New standards and interpretations not yet adopted

The Company applied all of the relevant and required standards promulgated by International Accounting Standards Board ("IASB") and the interpretations of IASB as at 30 June 2013.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 July 2013, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except for:

- IFRS 9 *Financial Instruments* becomes mandatory for the Company's 2015 financial statements and could change the classification and measurement of financial assets.

- IAS 32 *Financial Instruments: Presentation* (amendment): *Offsetting Financial Assets and Financial Liabilities* becomes effective for annual periods beginning on or after 1 January 2014.

The Company does not plan to adopt these standards early and the extent of the impact on the financial statements has not been determined yet as at the reporting date.

(Currency: Turkish Lira ("TL") unless otherwise stated)

4 Determination of fair values

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to develop the estimated fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realise in a current market exchange.

A market does not presently exist for factoring receivables which would facilitate obtaining prices for comparative instruments, and if sold or settled prior to their stated maturity dates, these instruments would bear transaction costs in the form of fees or discounts. Fair value has not been computed for these instruments because of the impracticability of determining fair value with sufficient reliability. Furthermore, net carrying values other than long term factoring receivables are considered to be a reasonable estimate of the fair value due to their short-term nature. Fair value of the long term factoring receivables are considered to approximate their carrying values since they are floating rate financial assets and repriced at a date close to the reporting date.

The fair value of other certain financial assets, including cash at banks are considered to approximate their respective carrying values due to their short-term nature.

Factoring payables are considered to approximate their respective carrying values due to their short-term nature.

The fair value of loans and borrowings and debt securities are determined with reference to their quoted bid price at the reporting date (Note 19).

5 Administrative expenses

For the six-month periods ended 30 June, administrative expenses comprised the following:

	2013	**2012**
Rent expenses	650,551	654,800
Travelling expenses	255,969	278,297
Consultancy expenses	208,377	300,775
Communication expenses	194,084	214,998
Office supplies expenses	187,559	200,446
Legal and court expenses	177,180	135,595
Advertising expenses	132,258	970,092
Subscription expenses	125,953	104,188
Maintenance and repair expenses	63,573	92,834
Taxes and duties other than on income	55,611	58,041
Others	378,092	122,335
	2,429,207	**3,132,401**

(Currency: Turkish Lira ("TL") unless otherwise stated)

6 Personnel expenses

For the six-month periods ended 30 June, personnel expenses comprised the following:

	2013	2012
Salary expenses	6,336,503	5,645,163
Board of directors salary expense	3,350,689	3,789,815
Social security premium expense	794,805	758,483
Meal expenses	430,920	329,952
Provision for employee severance payments	74,690	71,023
Unused vacation expenses	(139,843)	71,833
Other	1,713	103,668
	10,849,477	**10,769,937**

7 Other operating income

For the six-month periods ended 30 June, other operating income comprised the following:

	2013	2012
Recoveries of amounts previously provided	3,551,998	2,283,439
Other	65,232	107,090
	3,617,230	**2,390,529**

8 Taxation

In Turkey, corporate income tax is levied at the rate of 20% (2012: 20%) on the statutory corporate income tax base, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes.

There is also a 15% withholding tax on the dividends paid and is accrued only at the time of such dividend payments. The withholding tax rate on the dividend payments other than the ones paid to the non-resident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions.

The transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via transfer pricing, dated 18 November 2007 sets the implementation procedures of the law. If a tax payer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arms' length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible items for corporate income tax purposes.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Tax losses cannot be carried back.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within four months following the close of the accounting year to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

(Currency: Turkish Lira ("TL") unless otherwise stated)

8 Taxation *(continued)*

The income tax expense for the six-month periods ended 30 June comprised the following items:

	2013	2012
Current tax expense		
Current period	(1,330,997)	(754,225)
Tax correction of prior year	--	(337,142)
	(1,330,997)	**(1,091,367)**
Deferred tax expense		
Origination and reversal of temporary differences	(118,279)	(77,885)
	(118,279)	**(77,885)**
Income tax expense	**(1,449,276)**	**(1,169,252)**

The reported tax expense for the six-month periods ended 30 June are different than the amounts computed by applying the statutory tax rate to profit before tax as shown in the following reconciliation:

	2013		2012	
	Amount	**%**	**Amount**	**%**
Profit for the period	6,799,210		2,904,875	
Total income tax expense	1,449,276		1,169,252	
Profit excluding income tax	8,248,486		4,074,127	
Income tax using the domestic tax rate	1,649,697	20	814,825	20
Non-taxable expenses	235,044	3	21,460	1
Tax correction of prior year	--	--	337,142	8
Tax exemptions	--	--	(4,175)	--
Other permanent differences	(435,465)	(5)	--	--
Income tax expense	**1,449,276**	**18**	**1,169,252**	**29**

In accordance with the related regulation for prepaid taxes on income, advance payments during the year are being deducted from the final tax liability computed over current period operations. Accordingly, the income tax expense is not equal to the final tax liability appearing on the statement of financial position.

The current tax liabilities as at 30 June 2013 and 31 December 2012 comprised the following:

	30 June 2013	31 December 2012
Taxes on income	1,330,997	3,529,386
Less: Corporation taxes paid in advance	(967,500)	(1,478,703)
Current tax liabilities	**363,497**	**2,050,683**

Deferred income tax is provided, using the statement of financial position method, on all taxable temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for the initial recognition of assets and liabilities which effect neither accounting nor taxable profit.

(Currency: Turkish Lira ("TL") unless otherwise stated)

8 Taxation *(continued)*

Deferred tax assets and deferred tax liabilities as at 30 June 2013 and 31 December 2012 were attributable to the items detailed in the table below:

	30 June 2013	31 December 2012	30 June 2013	31 December 2012	30 June 2013	31 December 2012
	Assets		**Liabilities**		**Net**	
Factoring receivables	1,742,983	1,845,738	--	--	1,742,983	1,845,738
Property and equipment and intangible assets	310,340	377,293	--	--	310,340	377,293
Deferred commission income	397,020	571,397	--	--	397,020	571,397
Valuation difference between carrying values and tax base of property and equipment(*)	--	--	(650,035)	(650,034)	(650,035)	(650,035)
Loans and borrowings	48,523	--	--	(319,290)	48,523	(319,290)
Employee benefits	346,704	359,736	--	--	346,704	359,736
Others	--	128,975	--	--	--	128,975
Deferred tax assets/(liabilities)	**2,845,570**	**3,283,139**	**(650,035)**	**(969,324)**	**2,195,535**	**2,313,814**

(*)According to the Corporate Tax Law, 75 percent of the capital gains arising from the sale of tangible assets and investments owned for at least two years are exempted from corporate tax on the condition that such gains are reflected in the equity until the end of the fifth year following the sale. The remaining 25 percent of such capital gains are subject to corporate tax. The Company estimates that, it will comply with these requirements and has calculated the deferred tax liability with the 5% effective taxation rate.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The movement of deferred assets / (liabilities) for the six-month periods ended 30 June 2013 and 2012 was as follows:

	30 June 2013	30 June 2012
Balance at 1 January	2,313,814	(137,309)
Deferred tax expense recognised in the statement of comprehensive income	(118,279)	(77,885)
Deferred tax expense recognised in equity	--	1,473,630
	2,195,535	**1,258,436**

(Currency: Turkish Lira ("TL") unless otherwise stated)

9 Cash and cash equivalents

As at 30 June 2013 and 31 December 2012, cash and cash equivalents comprised the following:

	30 June 2013	**31 December 2012**
Cash at banks		
- Demand deposits	599,460	942,586
Cash on hand	34,858	11,232
	634,318	**953,818**

As at 30 June 2013 and 31 December 2012, there is no time deposit.

As at 30 June 2013 and 31 December 2012, there is no blockage on cash and cash equivalents.

10 Factoring receivables and payables

As at 30 June 2013 and 31 December 2012, factoring receivables comprised the following:

	30 June 2013	**31 December 2012**
Domestic factoring receivables	616,186,982	637,417,460
Export and import factoring receivables	21,387,676	5,164,344
Doubtful receivables	23,363,800	19,747,362
Factoring receivables, gross	**660,938,458**	**662,329,166**
Allowance for doubtful factoring receivables	(18,788,148)	(19,747,362)
Unearned income on factoring transactions	(16,071,167)	(21,079,484)
Factoring receivables, net	**626,079,143**	**621,502,320**

As at 30 June 2013 and 31 December 2012, maturity of factoring receivables excluding unearned income and doubtful receivables are as follows:

	30 June 2013	**31 December 2012**
Up to 1 month	186,729,960	182,594,400
1 month to 3 months	234,733,266	279,715,061
3 month to 1 year	210,875,662	179,271,109
1 year and over	5,235,770	1,001,234
	637,574,658	**642,581,804**

The Company has obtained the following collaterals for its receivables at 30 June 2013 and 31 December 2012:

	30 June 2013	**31 December 2012**
Customer notes and cheques obtained as collateral	637,574,658	642,946,750

(Currency: Turkish Lira ("TL") unless otherwise stated)

10 Factoring receivables *(continued)*

As at 30 June 2013 and 31 December 2012, maturity profile of the doubtful receivables and the specific allowance for them are as follows:

	30 June 2013		***31 December 2012***	
	Doubtful receivables	**Specific allowance**	**Doubtful receivables**	**Specific allowance**
Past due 1-3 months	1,901,648	1,901,648	3,186,905	3,186,905
Past due 3-6 months	6,318,158	1,742,506	1,446,546	1,446,546
Past due 6-12 months	4,296,619	4,296,619	5,452,535	5,452,535
Past due over 1 year	10,847,375	10,847,375	9,661,376	9,661,376
Total	**23,363,800**	**18,788,148**	**19,747,362**	**19,747,362**

Movements in the allowance for doubtful receivables for the six-month periods ended 30 June were as follows:

	30 June 2013	**30 June 2012**
Balance at 1 January	19,747,362	11,826,418
Net recovery		
- *Allowance for the period*	*2,893,097*	*7,434,076*
- *Recoveries of amounts previously provided for*	*(3,551,998)*	*(2,125,673)*
Written-off during the year	(300,313)	(4,535)
Balance at period end	**18,788,148**	**17,130,286**

As at 30 June 2013, factoring payables amounting to TL 713,835 represent the amounts collected on behalf of but not yet paid to the factoring customers at the statement of financial position date (31 December 2012: TL 1,002,509).

(Currency: Turkish Lira ("TL") unless otherwise stated)

11 Property and equipment

The movements of property and equipment for the six-month periods ended 30 June were as follows:

	Buildings	Motor vehicles	Furniture and fixtures	Leasehold improvements	Total
Cost					
Balance at 1 January 2012	15,862,576	142,432	1,708,608	590,195	18,303,811
Additions	8,260	--	82,373	10,847	101,480
Disposals	--	(142,432)	--	--	(142,432)
Balance at 30 June 2012	**15,870,836**	**--**	**1,790,981**	**601,042**	**18,262,859**
Balance at 1 January 2013	15,865,602	--	1,598,216	208,268	17,672,086
Additions	--	--	36,490	--	36,490
Balance at 30 June 2013	**15,865,602**	**--**	**1,634,706**	**208,268**	**17,708,576**
Accumulated Depreciation					
Balance at 1 January 2012	673,419	142,432	1,073,875	471,275	2,361,001
Depreciation for the period	54,809	--	77,669	14,286	146,764
Disposals	--	(142,432)	--	--	(142,432)
Balance at 30 June 2012	**728,228**	**--**	**1,151,544**	**485,561**	**2,365,333**
Balance at 1 January 2013	--	--	1,123,298	133,472	1,256,770
Depreciation for the period	--	--	23,860	4,357	28,217
Impairment losses on buildings	197,002	--	--	--	197,002
Balance at 30 June 2013	**197,002**	**--**	**1,147,158**	**137,829**	**1,481,989**
Carrying amounts					
At 1 January 2012	**15,189,157**	**--**	**634,733**	**118,920**	**15,942,810**
At 30 June 2012	**15,142,608**	**--**	**639,437**	**115,481**	**15,897,526**
At 1 January 2013	**15,865,602**	**--**	**474,918**	**74,796**	**16,415,316**
At 30 June 2013	**15,668,600**	**--**	**487,548**	**70,439**	**16,226,587**

The Company engaged TSKB Gayrimenkul Değerleme A.Ş., a Capital Market Board ("CMB") accredited independent valuer, to determine the fair value of its buildings. Fair value is determined by reference to market based evidence. This means that valuations performed by the valuer are based on active market prices, adjusted for any difference in the nature, location or condition of the specific property. The last valuation was done in January.

As at 30 June 2013, total amount of insurance on property and equipment is TL 5,571,540 (30 June 2012: TL 5,217,617)

(Currency: Turkish Lira ("TL") unless otherwise stated)

12 Intangible assets

The movements of intangible assets for the six-months period ended 30 June were as follows:

	Software
Cost	
Balance at 1 January 2012	380,813
Additions	49,456
Balance at 30 June 2012	**430,269**
Balance at 1 January 2013	467,220
Additions	42,521
Balance at 30 June 2013	**509,741**
Accumulated Amortisation	
Balance at 1 January 2012	230,739
Amortisation for the period	30,705
Balance at 30 June 2012	**261,444**
Balance at 1 January 2013	289,941
Amortisation for the period	83,641
Balance at 30 June 2013	**373,582**
Carrying amounts	
At 1 January 2012	**150,074**
At 30 June 2012	**168,825**
At 1 January 2013	**177,279**
At 30 June 2013	**136,159**

As at 30 June 2013, the Company does not have any intangible assets generated within the Company.

13 Other assets and prepaid expenses

As at 30 June 2013 and 31 December 2012, other assets and prepaid expenses comprised the following:

	30 June 2013	**31 December 2012**
Receivables from tax authority	2,455,313	2,455,313
Advances given	719,104	740,359
Prepaid expenses	161,662	134,625
Other	161,481	165,692
	3,497,560	**3,495,989**

Regarding the finalised tax base difference which was claimed in the tax inspection (limited) report no .2012-A-998-14 dated 12 September 2012 issued by Mecidiyeköy Tax Office (Tax authority). Based on the tax inspection on the companies record for the year 2009, the tax authority has issued a payment order with main tracking number of 2012112966509000001 amounting to TL 1,718,894 excluding the late payment interest.

(Currency: Turkish Lira ("TL") unless otherwise stated)

13 Other assets *(continued)*

The Company has paid a total of TL 2,417,229, which consist of the amount stated in this payment order plus the relevant late payment interest to the tax authority with the reservation and then filed a lawsuit with the file no 2012/3104E. At the Istanbul 2nd Tax Court with the request of annulment of the payment order. The lawsuit is still go on.

Furthermore, the tax authority has accrued to the Company a late payment interest of TL 38,090 in relation to relevant tax base difference with the payment order No.20121128655080000001 dated 27 November 2012 and issued the payment order with the main tracking number 20121127665080000001 dated 27 November 2012. The Company paid the mentioned amount with the reservation and then filed a lawsuit at Istanbul 2nd Tax Court with the number 2012/3104 E for annulment of the payment order. The relevant lawsuit is going on.

As described in detail above, the Company recognised the total amount paid reservation which corresponds to TL 2,455,318 in its financial statements under 'other assets' as it is virtually certain that the Company would win the relevant lawsuits.

In addition to this payments made to the tax authority with reservation, the tax authority levied an additional Corporate Income Tax of TL 313,486 for the year 2010 and a loss penalty of TL 313,486. The lawsuit filed against the said tax/penalty notice is still in progress at Istanbul 8th Tax Office with the File No.2012/3328 E.

The Company has not made any payments for the tax penalties, in relation to the notice with No: 2012/1127135080000002 and 20121127135080000002 as the former petitions for offsetting have not been processed and has not allocated a provision in its financial statements as likelihood of losing those litigations is considered remote.

14 Loans and borrowings

As at 30 June 2013 and 31 December 2012, loans and borrowings comprised the following:

			30 June 2013		
			TL amount		
	Original amount	Nominal interest rate (%)	Up to 1 year	1 year and over	Total loans and borrowings
Bank Loans-TL	403,292,840	6.60-11.20	215,078,182	188,214,658	403,292,840
Bank Loans-USD	6,863,791	4.35	13,211,425	--	13,211,425
Bank Loans-Euro	2,820,995	4.35	7,091,134	--	7,091,134
Total			**235,380,741**	**188,214,658**	**423,595,399**

			31 December 2012		
			TL amount		
	Original Amount	Nominal interest rate (%)	Up to 1 year	1 year and over	Total loans and borrowings
Bank Loans-TL	396,449,493	5.08-12.57	202,159,503	194,289,990	396,449,493
Bank Loans-USD	4,229,936	4.00	7,540,284	--	7,540,284
Bank Loans-Euro	624,551	3.00	1,468,756	--	1,468,756
Total			**211,168,543**	**194,289,990**	**405,458,533**

(Currency: Turkish Lira ("TL") unless otherwise stated)

15 Debt securities

As at 30 June 2013 and 31 December 2012, debt securities comprised the following:

	30 June 2013	31 December 2012
Bonds issued	130,390,933	149,069,326
	130,390,933	**149,069,326**

The list of bonds issued by the Company is as follows:

ISIN CODE	Issue date	Issued Nominal Amount	Maturity date	Sales type	Coupon period payment
TRSLDFKK1312	8 May 2012	40,000,000	8 November 2013	Public offering	Monthly
TRSLDFK51415	8 May 2012	40,000,000	8 May 2014	Public offering	Quarterly
TRSLDFK21418	22 November 2012	30,000,000	21 February 2014	Public offering	Monthly
TRSLDFK61153	29 June 2012	20,000,000	29 June 2015	Private placement	Quarterly

The bonds issued by the Company has floating coupon rates which is recalculated at the beginning of each coupon period with the reference rates of the government debt securities that were issued by the Turkish Undersecretaries of Treasury. The calculations are performed according to the calculation methods defined in related offering circulars of the bonds. All announcements related with the issued bonds are released in the website of the Public Disclosure Platform ("PDP").

16 Other liabilities

As at 30 June 2013 and 31 December 2012, other liabilities comprised the following:

	30 June 2013	31 December 2012
Taxes and duties other than on income	905,466	1,189,519
Payables to suppliers	363,789	366,059
Others	21,252	40,833
	1,290,507	**1,596,411**

17 Employee benefits

As at 30 June 2013 and 31 December 2012, employee benefits comprised the following:

	30 June 2013	31 December 2012
Reserve for employee severance payments	1,081,085	1,006,395
Vacation pay liability	652,441	792,284
	1,733,526	**1,798,679**

(Currency: Turkish Lira ("TL") unless otherwise stated)

17 Employee benefits *(continued)*

Reserve for employee severance payments

In accordance with existing social legislation in Turkey, the Company is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated on the basis of 30 days' pay, maximum of TL 3,129 at 30 June 2013 (31 December 2012: TL 3,034) per year of employment at the rate of pay applicable at the date of retirement or termination. The principal assumption used in the calculation of the total liability is that the maximum liability for each year of service will increase in line with inflation semi-annually.

The liability is not funded, as there is no funding requirement.

International Accounting Standard No. 19 ("IAS 19") requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. The reserve has been calculated by estimating the present value of future probable obligation of the Company arising from the retirement of the employees. Accordingly, the following statistical assumptions were used in the calculation of the following liability as at 30 June 2013 and 2012:

	30 June 2013	**30 June 2012**
Discount rate	2.36%	5.71%
Expected rate of salary/limit increase	5.10%	12.05%
Turnover rate to estimate the probability of retirement	96%	97%

For the six-months period ended 30 June, movements in the reserve for employee severance payments were as follows:

	30 June 2013	**30 June 2012**
Balance at 1 January	1,006,395	942,983
Increase during the period	74,690	71,023
Reversal of provision	--	(83,062)
Balance at the end of the period	**1,081,085**	**930,944**

Vacation pay liability

In accordance with current labour law, the Company makes payments for unused vacations of employees. The liability is calculated by the remaining vacation days multiplied by one day's pay.

For the six-months period ended 30 June, movements in the vacation pay liability were as follows:

	30 June 2013	**30 June 2012**
Balance at 1 January	792,284	507,108
Increase during the period	--	71,833
Reversal of provision	(139,843)	--
Balance at the end of the period	**652,441**	**578,941**

(Currency: Turkish Lira ("TL") unless otherwise stated)

18 Equity

18.1 Paid-in capital

As at 30 June 2013 and 31 December 2012, the nominal value of the Company's authorised and paid-in share capital amounts to TL 30,000,000 comprising 30,000,000 registered shares of par value of 1 TL. Adjustment to share capital represents the restatement effect of the contributions to share capital equivalent to purchasing power of TL at 31 December 2005.

As at 30 June 2013 and 31 December 2012, the composition of the authorised and paid-in share capital was as follows:

	30 June 2013					31 December 2012	
	Share (%)	**Group A**	**Group B**	**Group C**	**Total**	**Share (%)**	**Total**
Yuda Elenkave	39.82	20,000	11,925,130	--	11,945,130	39.82	11,945,130
Nedim Menda	34.85	10,000	10,445,000	--	10,455,000	34.85	10,455,000
Jak Sucaz	10.20	10,000	3,050,000	--	3,060,000	10.20	3,060,000
Raşel Elenkave	5.11	10,000	1,520,000	--	1,530,000	5.11	1,530,000
Credit Suisse Investments (Netherlands) B.V.	9.90	--	--	2,970,000	2,970,000	9.90	2,970,000
Can Güney	0.04	--	13,290	--	13,290	0.04	13,290
Ayşe Bayoğlu	0.04	--	13,290	--	13,290	0.04	13,290
İbrahim Betil	0.04	--	13,290	--	13,290	0.04	13,290
Nominal share capital	**100**	**50,000**	**26,980,000**	**2,970,000**	**30,000,000**	**100**	**30,000,000**
Adjustment to share capital					5,873,808		5,873,808
Total paid-in share capital					**35,873,808**		**35,873,808**

According to the share agreement of the Company, Group A shareholders have the right to appoint a simple majority of the members of the Board. Group B shareholders have economic rights to dividends/distributions and pre-emptive rights with respect to future share issuances as well as the ordinary rights of a shareholder. Group C shareholders have the right to appoint one member of the Board and have extensive veto rights over strategic and financial decisions of the Company including: (a) approval of annual budgets and financial statements; (b) material acquisitions/disposals; (c) amount of total indebtedness; (d) appointment of senior management; and (e) related party transactions and changes to the Company's share capital structure.

18.2 Legal reserves

The legal reserves are established by annual appropriations amounting to 5% of income disclosed in the Company's statutory accounts until it reaches 20% of paid-in share capital (first legal reserve). Without limit, a further 10% of dividend distributions in excess of 5% of paid-in capital are to be appropriated to increase legal reserves (second legal reserve). The first legal reserve is restricted and is not available for distribution as dividend unless it exceeds 50% of share capital. In the accompanying financial statements, the total of the nominal legal reserves is TL 4,693,078 at 30 June 2013 (31 December 2012: TL 4,154,587).

(Currency: Turkish Lira ("TL") unless otherwise stated)

18 Equity

18.3 Asset revaluation reserve

The asset revaluation reserve is used to record increases in the fair value of buildings and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity.

For the six-months period ended 30 June, the movements in the revaluation fund were as follows:

	30 June 2013	**30 June 2012**
Balance at 1 January	12,350,666	9,824,200
Tax effect of revaluation of buildings (Note 8)	--	1,473,630
	12,350,666	**11,297,830**

19 Financial instruments

Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company is subject to credit risk through its factoring operations. The Company requires a certain amount of collateral in respect of its financial assets. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Company does not enter into factoring transactions with the firms which do not meet the predetermined criteria for credit approval. Credit evaluations are performed on all customers by the Credit Monitoring and Credit Department of the Company based on their authorisation limits. The Credit Monitoring and Credit Department of the Company meets every week regularly and performs credit evaluations. The Company has early warning controls with respect to the monitoring of on-going credit risks and the Company regularly performs scoring of the creditworthiness of the customers. A special software program is used to monitor the credit risk of the Company.

The Company has procedures in place to ensure that services are provided to customers with an appropriate credit history. The carrying amount of factoring receivables, net of provision for impairment in factoring receivables, and the total of bank deposits, represents the maximum amount exposed to credit risk.

(Currency: Turkish Lira ("TL") unless otherwise stated)

19 Financial instruments *(continued)*

Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

	30 June 2013	**31 December 2012**
Factoring receivables	626,079,143	621,502,320
Cash and cash equivalents (*)	599,460	942,586
	626,678,603	**622,444,906**

(*) Cash on hand is excluded from cash and cash equivalents.

The Company is mainly subject to credit risk through its factoring operations. The Risk Management and Analysis Department of the Company is responsible to manage the credit risk. The Company requires a certain amount of collateral in respect of its financial assets. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers.

As at 30 June 2013 and 31 December 2012, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

As at 30 June 2013 and 31 December 2012, the breakdown of factoring receivables, excluding unearned income and doubtful receivables, by industrial groups was as follows:

	30 June 2013	**%**	**31 December 2012**	**%**
Iron and steel	95,221,261	15	86,868,239	14
Construction	69,822,847	11	61,354,262	10
Textile	68,518,920	11	78,033,856	12
Paper and printing	46,009,877	7	40,360,235	6
Automotive	41,353,930	6	31,237,144	5
Food	37,956,877	6	43,715,129	7
Rubber and plastics	35,877,045	6	38,124,182	6
Trading	35,233,859	5	38,527,389	6
Agricultural products	27,576,444	4	13,610,957	2
Electrics and electronics	24,718,578	4	37,594,883	6
Chemicals	23,630,292	4	30,000,452	5
Machinery	22,988,106	4	23,837,509	4
Wood products	21,800,059	3	7,058,471	1
Leather products	17,224,759	3	14,072,241	2
Tourism	5,068,382	1	45,664,204	7
Others	64,573,422	10	52,522,651	7
	637,574,658	**100**	**642,581,804**	**100**

(Currency: Turkish Lira ("TL") unless otherwise stated)

19 Financial instruments *(continued)*

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations from its financial liabilities.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

30 June 2013	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	1 to 2 years	2 to 3 years	Over 3 years
Non-derivative financial liabilities							
Loans and borrowings	423,595,399	494,436,001	217,464,220	37,579,912	70,985,072	65,025,216	103,381,581
Debt securities	130,390,933	142,780,197	3,841,892	116,557,341	22,380,964	--	--
Factoring payables	713,835	713,835	713,835	--	-	--	--
Taxes and duties payable	1,268,963	1,268,963	1,268,963	--	--	--	--

31 December 2012	Carrying amount	Contractual cash flows	3 months or less	3 to 12 months	1 to 2 years	2 to 3 years	Over 3 years
Non-derivative financial liabilities							
Loans and borrowings	405,458,533	453,892,688	172,579,586	41,808,755	74,909,598	68,658,282	95,936,467
Debt securities	149,069,326	168,815,282	3,422,991	69,831,001	95,561,290	--	--
Factoring payables	1,002,509	1,002,509	1,002,509	--	--	--	--
Taxes and duties payable	3,240,202	3,240,202	3,240,202	--	--	--	--

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Interest rate risk

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows of fair values of financial instruments because of a change in market interest rates. All the financial instruments have fixed interest rates except for the loans and debt securities which have floating interest rates.

The Company's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or re-price at different times or in differing amounts. In the case of floating rate assets and liabilities the Company is also exposed to basis risk, which is the difference in repricing characteristics of the various floating rate indices and different types of interest. Risk management activities are aimed at optimising net interest income, given market interest rate levels consistent with the Company's business strategies.

(Currency: Turkish Lira ("TL") unless otherwise stated)

19 Financial instruments *(continued)*

Interest rate risk *(continued)*

The tables below summarise average effective interest rates by major currencies for monetary financial instruments as at 30 June 2013 and 31 December 2012:

	30 June 2013			31 December 2012		
	USD (%)	**Euro (%)**	**TL (%)**	**USD (%)**	**Euro (%)**	**TL (%)**
Assets						
Factoring receivables	11.08	14.22	14.25	15.42	15.03	16.87
Liabilities						
Loans and borrowings	4.35	4.35	6.95	4.00	3.00	10.04
Debt securities	--	--	9.83	--	--	9.99

Interest rate profile

As at 30 June 2013 and 31 December 2012, the interest rate profiles of the interest-bearing financial instruments were as follows:

	Carrying amount	
	30 June 2013	**31 December 2012**
Fixed rate instruments		
Factoring receivables, net	621,503,491	621,502,320
Loans and borrowings	(183,682,054)	(165,366,833)
Variable rate instruments		
Loans and borrowings	(239,913,345)	(240,091,700)
Debt securities	(130,390,933)	(149,069,326)

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Company does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Additionally, the Company does not account for any fixed rate financial assets and liabilities as available-for-sale. Therefore a change in interest rates at the reporting date would not directly affect equity.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates as at 30 June 2013 and 31 December 2012 would have increased or decreased profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss		Equity(*)	
	100 bp increase	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
30 June 2013				
Variable rate instruments	(721,215)	721,215	(721,215)	721,215
31 December 2012				
Variable rate instruments	(871,554)	871,554	(871,554)	871,554

(*) Excluding profit or loss effects.

(Currency: Turkish Lira ("TL") unless otherwise stated)

19 Financial instruments *(continued)*

Foreign currency risk

The Company is exposed to currency risk through transactions in foreign currencies. As the currency in which the Company presents its financial statements is TL, the financial statements are affected by movements in the exchange rates against TL.

As at 30 June 2013 and 31 December 2012, the currency risk exposures were as follows (TL equivalents):

	30 June 2013		
	USD	**Euro**	**Total**
Cash and cash equivalents	32,568	5	32,573
Factoring receivables	13,985,288	7,402,388	21,387,676
Loans and borrowings	(13,211,425)	(7,091,134)	(20,302,559)
Gross statement of financial position exposure	**806,431**	**311,259**	**1,117,690**
Net exposure	**806,431**	**311,259**	**1,117,690**

	31 December 2012		
	USD	**Euro**	**Total**
Factoring receivables	3,930,768	1,233,576	5,164,344
Loans and borrowings	(7,540,284)	(1,468,756)	(9,009,040)
Gross statement of financial position exposure	**(3,609,516)**	**(235,180)**	**(3,844,696)**
Net exposure	**(3,609,516)**	**(235,180)**	**(3,844,696)**

The following significant exchange rates applied during the six-month period ended 30 June 2013 and the year ended 31 December 2012:

	Average rate		Reporting date	
TL	**30 June 2013**	**31 December 2012**	**30 June 2013**	**31 December 2012**
USD	1.8098	1.7918	1.9248	1.7826
Euro	2.3761	2.3038	2.5137	2.3517

(Currency: Turkish Lira ("TL") unless otherwise stated)

19 Financial instruments *(continued)*

Foreign currency risk *(continued)*

Sensitivity analysis

A 10 percent strengthening in TL against the following currencies at 30 June 2013 and 31 December 2012 would have increased/(decreased) equity and profit or loss by the amounts shown below.

This analysis assumes that all other variables, in particular interest rates, remain constant.

30 June 2013	Equity	Profit or loss
USD	80,643	80,643
Euro	31,126	31,126
	111,769	**111,769**

31 December 2012	Equity	Profit or loss
USD	(360,952)	(360,952)
Euro	(23,518)	(23,518)
	(384,470)	**(384,470)**

A 10 percent depreciation of the TL against the foreign currencies as at 30 June 2013 and 31 December 2012 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to meet local regulatory requirements.

Fair Value

As at 30 June 2013 and 31 December 2012, the carrying amounts and fair values of financial instruments were as follows:

	30 June 2013		31 December 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash at banks	634,318	634,318	953,818	953,818
Factoring receivables(*)	621,503,491	621,503,491	621,502,320	621,502,320
Financial liabilities				
Loans and borrowings	423,595,399	423,698,119	405,458,533	405,126,394
Debt securities	130,390,933	131,116,443	149,069,326	147,612,873
Factoring payables	713,835	713,835	1,002,509	1,002,509

(*) Excluding doubtful receivables

(Currency: Turkish Lira ("TL") unless otherwise stated)

20 Commitments and contingencies

Commitments and contingent liabilities arising in the ordinary course of business comprised the following items as at 30 June 2013 and 31 December 2012:

	30 June 2013	**31 December 2012**
Letters of guarantee		
Given to banks	494,100	263,800

21 Related party disclosures

As at 30 June 2013 and 31 December 2012, related party balances were as follows:

	30 June 2013	**31 December 2012**
Loans and borrowings		
Credit Suisse AG London Branch	239,913,345	240,091,700
	239,913,345	**240,091,700**

The following related party transactions were listed for the six-month period ended 30 June:

	30 June 2013	**30 June 2012**
Interest expense		
Credit Suisse AG London Branch	13,184,833	10,500,350
	13,184,833	**10,500,350**

For the purpose of accompanying financial statements, the shareholders, key management personnel and the Board members, and in each case, together with their families and companies controlled by/affiliated with them; and investments are considered and referred to as the related parties. Total benefit of key management for the six-month period ended 30 June 2013 was amounting to TL 3,370,343 (30 June 2012: TL 3,789,815).

22 Subsequent events

On 1 July 2013, with the extraordinary General Assembly Meeting, legal name of the Company changed from Lider Faktoring Hizmetleri Anonim Şirketi to Lider Faktoring Anonim Şirketi. The change of the legal name is registered with Turkish Trade Registry Gazette on 10 July 2013.

On 24 July 2013, with Board of Directors' decision, the Company sold its shares owned by Can Güney, Ayşe Bayoğlu and İbrahim Betil with nominal value TL 13,290 of each to Yuda Elenkave.

The Company won the lawsuit with the file no 2012/3104 for the amount TL 2,417,223 regarding the finalised tax base difference which was claimed in the tax inspection (limited) report no 2012-A-998-14 dated 12 September 2012 issued by Mecidiyeköy Tax Office (Tax authority) as described in Note 13 in detail.

The Company won the lawsuit with the file no 2012/3104 E for the late payment interest of TL 38,090 in relation to relevant tax base difference with the payment order No.20121128655080000001 dated 28 November 2012 as described in Note 13 in detail.

The Company requested the return of totally paid amount TL 2,455,313 from tax authority.